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DEPARTMENT FOR EEB/IFD/OMA (Snow, Figueroa), EUR/SCE, EUR/ACE  
(Youth) and EUR/PGI (Cunningham)

E.O. 12958: N/A  
TAGS: [EAID](#) [ECON](#) [PREL](#) [HR](#)  
SUBJECT: FISCAL TRANSPARENCY IN CROATIA

REF: STATE 16737

¶1. (SBU) Per reftel request, the Croatian Law on the Right of Access to Information, adopted in October 2003, requires the government to provide information to the public about its activities, organization, expenditures, and sources of financing. The Ministry of Finance makes the budget available to the public on its website. The public version includes almost all central government programs. It excludes some local government units and expenditures, one short-term category of pension payments, some highway construction, and hospital arrears. The government achieves a moderate level of accuracy in the publicly available budget. Upon request, citizens can obtain detailed budget information on government programs. During the course of the year, progress reports, the year-end report, and the annual auditor's report are also made publicly available. The GoC has shown a commitment to fiscal transparency, although further capacity building is needed to achieve full transparency. Specific areas for improvement include budget explanation and linkages between strategic documents and budget planning, introducing performance elements into budget preparation, more comprehensive coverage of public sector spending and debt figures, and more realistic macro projections.

¶2. (U) From 2000 through 2004, USAID provided technical assistance to the Ministry of Finance in the broad area of fiscal reform. The assistance focused on two areas: implementation of a modern treasury system and related accounting and financial management process reforms, and design and implementation of a program of fiscal decentralization. The objective of the final project, conducted September 2003 through September 2004, was growth of a dynamic and competitive private sector, to be achieved, in part, through improved transparency in government fiscal operations. Although USAID has concluded its fiscal reform program, the World Bank continues to assist the GoC in this area and has included elements of fiscal reform in the conditionalities of its structural adjustment loans to Croatia. The IMF last reported on Croatia's observance of fiscal transparency standards and codes in November ¶2004. The report said Croatia met the code in a number of areas and was making significant progress in strengthening fiscal management and transparency.

BRADTKE